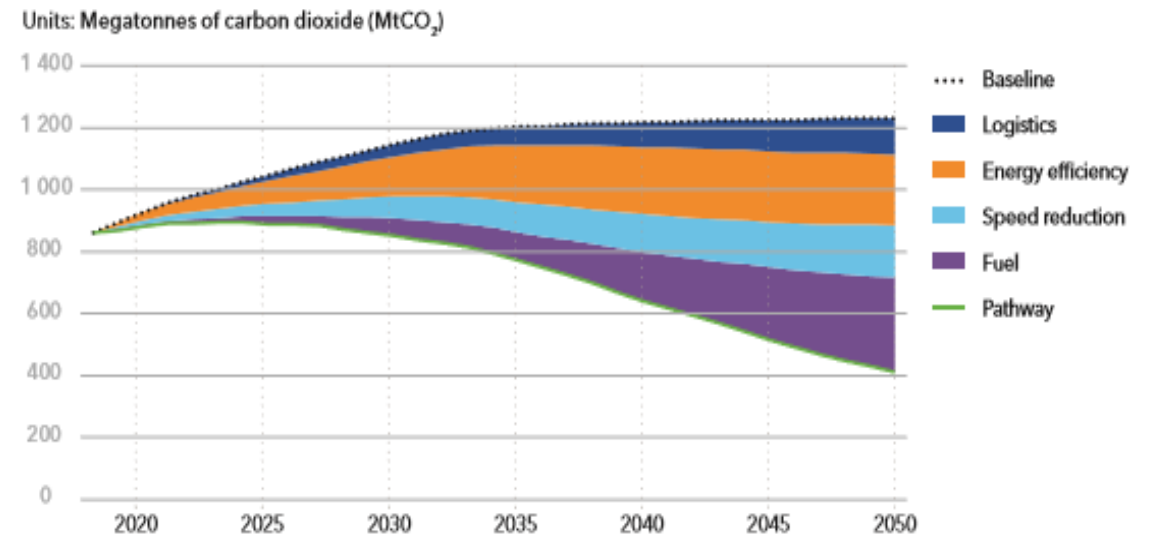# Update on FuelEU Maritime

Pernille Palmelund Sørensen, DG MOVE, 6 May 2021

Ways to reduce maritime emissions

Meeting the climate targets would require significant progress on two aspects:

- Improvement of energy efficiency (covering logistics, design, technical improvements and operations) – *i.e.* ***using less fuels***

- Greater use of sustainable alternative fuels – *i.e.* ***using cleaner fuels***

➡ Need for a ***basket of measures***

Units: Megatonnes of carbon dioxide ($MtCO_2$)

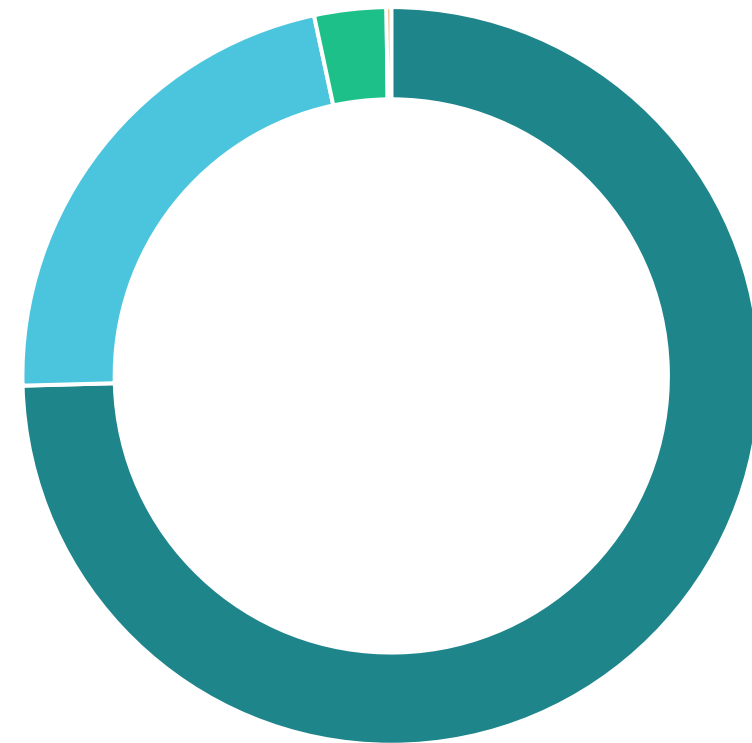Legend: Baseline, Logistics, Energy efficiency, Speed reduction, Fuel, Pathway

DNV-GL (2019) | Maritime Forecast to 2050

Problem: low to negligible penetration of AFs

- In total, the fleet monitored under the EU MRV system consumed more than 44 million tonnes of fuel in 2018

- Despite the existing framework for their promotion and the limited use by some industry pioneers, alternative fuels (even technologically mature options) were only a small fraction of the fuels consumed in 2018
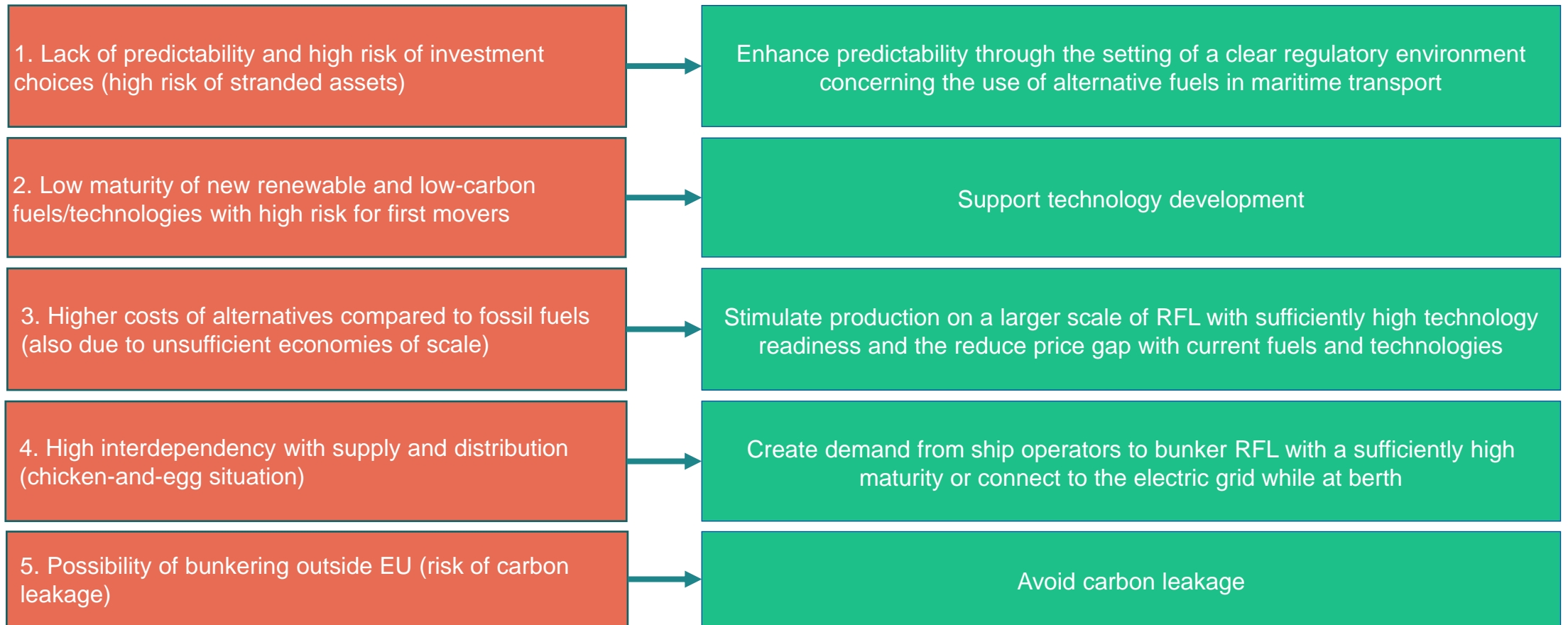
Fuel mix under MRV

■ HFO ■ Lighter oil products (MGO, MDO, etc.) ■ LNG ■ Other alternatives

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Proposed intervention: key aspects

- ***General objective: The FuelEU Maritime initiative aims at increasing the uptake of sustainable alternative fuels in EU maritime transport with a view to reducing emissions from the sector***

- The fuels concerned consist of low and zero-carbon fuels and include: liquid biofuels, e-liquids, decarbonised gas (including biogas and e-gas), decarbonised hydrogen and decarbonised hydrogen-derived fuels (including methanol, and ammonia) as well as electricity.

- The present intervention is focused on demand-side aspects (the **use** of alternative fuels) in order to complement the existing regulatory framework on **supply** (RED II) and **infrastructure** (AFID), which will also be subject to revsion in 2021.

Identified barriers and objectives

Barriers	Objectives
1. Lack of predictability and high risk of investment choices (high risk of stranded assets)	Enhance predictability through the setting of a clear regulatory environment concerning the use of alternative fuels in maritime transport
2. Low maturity of new renewable and low-carbon fuels/technologies with high risk for first movers	Support technology development
3. Higher costs of alternatives compared to fossil fuels (also due to unsufficient economies of scale)	Stimulate production on a larger scale of RFL with sufficiently high technology readiness and the reduce price gap with current fuels and technologies
4. High interdependency with supply and distribution (chicken-and-egg situation)	Create demand from ship operators to bunker RFL with a sufficiently high maturity or connect to the electric grid while at berth
5. Possibility of bunkering outside EU (risk of carbon leakage)	Avoid carbon leakage

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Characteristics of the identified policy options

- Demand-side measures ➡ filling a gap

- *Gradual* introduction of renewable and low-carbon fuels

- Technology neutrality and a goal-based approach are key aspects

- Additional flexibility mechanism for overachievers

- OPS for most polluting ships at berth

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